

Meeting Minutes

February 24, 2017 – SJCC, T-112

Present: Doug Smith, Andrea Alexander, Jorge Escobar, Peter Fitzsimmons, Eric Narveson, Danny Hawkins, Yesenia Ramirez, Eugenio Canoy, Chris Frazier, Mark Newton, Guillermo Castilla, Lauren McKee, Fabio Gonzalez, Steven Graham, Jesus Covarrubias, Paul Fong

Absent: Keiko Kimura, Phil Crawford, Barbara Hanfling

Also Present: Carol Anderson, Jonathan Camacho, Kathy Tran,

1) **Call to Order:** 1:03 p.m.

2) **Approval of Meeting Agenda:**

- a. Chris Frazier asked to add the following item to the agenda: Review Comparative DW/DS District Budget Expenditures.

M/S/P; Ayes- 12, Opposed-0, Abstentions-0, Absent-3, a Motion to approve the amended agenda was made by Eric Narveson; Seconded by Paul Fong. The amended agenda was approved.

3) **Approval of 02/10/17 Meeting Minutes:**

- a. The following corrections were recommended for the 2/10/17 minutes:
 1. Steven Graham should be listed as absent.
 2. 5c. should read: Mr. Frazier notes that the **model budget** for the Colleges is **set-fixed**, whereas the **model budget** for the District is not, however if the Colleges require more services **from the District**, they are then required to pay for those services. Mr. Frazier continues that the cost of District Services should be budgeted within the Colleges expenditures.
 3. 5c.i. should read: Mr. Stutzman recommends that the **colleges model** establish a specific expenditure percentage.
 4. 5f. should read: Mr. Smith poses the question, with **knowing understanding** we **won't don't** know the final property tax data point until May, do we augment along the way with each new data point, or do we set the final four data points aside, and deal with it in another way?
 5. 7a.i. should read: Mr. Stutzman notes that this comparison is difficult **to compare equally** as every district is organized differently, for example, some are partially District Centralized, and others are not. Secondly, Districts tend to characterize their expenditures in different ways such as utilities being central vs. decentralized.

M/S/P; Ayes- 14, Opposed-0, Abstentions-2, absent-3, A motion to approve the amended minutes was made by Eric Narveson; seconded by Paul Fong. The amended minutes were approved.

4) **Information - Simulation #6:**

- a) Mr. Stutzman distributed and discussed Simulation #6 which serves as an example, if our district were apportionment only.
 - i) Mr. Newton questions if this model covers a 1-year, or 3-year span.
 - (1) Mr. Stutzman responds that this model is based on a 1-year span using FY2016-17 FTES data.

- ii) Mr. Stutzman draws the committee's attention to the Balance/Deficit line of the simulation to illustrate the large deficit each of the colleges would be in, if we were not a basic aid district.
 - (1) Ms. McKee and Mr. Gonzalez remind the committee that while this scenario may be unlikely, it is very important for this committee to understand as a point of reference.
 - (a) Mr. Stutzman responds that, yes, this is more of a "doomsday" scenario, but his real concern for the district is if the economy levels off, we will still have the rising costs of healthcare benefits, etc. to manage.

5) EVC and SJCC CTE Program Enrollment and Cost:

- a) Mr. Stutzman distributed the CTE enrollment and cost reports to the group, noting that the purpose of this report is to discuss whether these costs differ materially, and not whether one CTE program costs more than another.
 - i) Mr. Castilla voiced concern to the group that Mr. Stutzman seems to be making those judgements independently of what is/is not material.
 - (1) Mr. Stutzman responds that ultimately the decision is up to this committee and the colleges to determine. This report is simply to illustrate what the data currently shows.
 - ii) Ms. McKee notes to the group that as we review, we should also be considering whether these CTE courses are meeting class size requirements.
- b) Mr. Smith requests, in order to expedite the committee's process, that Mr. Stutzman be allowed to fully present the data before we open this agenda item for discussion and questions.
- c) The committee questioned where this data came from.
 - i) Mr. Stutzman responds that the information used to generate these reports came from ITSS. Mr. Stutzman further describes that there are some instances, specifically the Facilities Maintenance Tech Program, where the data did not seem to sync up, and thus a request to the colleges has been made to verify that data.
 - (1) It was noted that ITSS simply creates these reports from data entered at the campus level.
 - (2) Mr. Fitzsimmons notes that there are two worlds overlapping, Finance and Research (i.e. cost centers and FTES/FTEF), which due to their differing language, result in some areas of data disconnect. Mr. Fitzsimmons further describes that our overall goal is to find out how much each of these CTE programs cost and reminds the group that while ITSS provided its understanding of CTE programs based on the data, those programs may not necessarily qualify as CTE programs in "real-world" application (i.e. Accounting).
 - (3) Mr. Fitzsimmons concludes that for the purposes of this exercise, as a group, we should determine a refined list as to what qualifies as a CTE program.
 - (a) Mr. Frazier adds that while we are developing this refined list we need to keep in mind the differing needs of the student.
- d) Mr. Stutzman re-focuses the group, noting the purpose of this exercise is to try to determine CTE costs, college to college. (i.e. if each college offers the same program, that program should be a wash.)
 - i) Mr. Frazier notes to the committee that, in his opinion, this is a fundamental disagreement, when considering those students more socio-economically disadvantaged than others.
 - ii) Ms. McKee adds that while we are refining what qualifies as a CTE program, we need to be able to separate general education courses from CTE programs (i.e. Accounting). Ms. McKee further states that CTE courses, in general, cost more because they are serving fewer students. Ms. McKee continues that these CTE programs allow a student to receive a certificate, immediately enabling them to obtain a job.
 - iii) Mr. Gonzalez follows that not all duplicated CTE courses are a wash due to the fact that some students may need more help than others to create a level playing field.
 - (1) Mr. Stutzman agrees that some students cost more as they may require additional services, however those decisions should be based at the college level and not through an allocation model.
 - (2) Mr. Escobar responds that we appear to have two scenarios:
 - (a) We can treat the student as one, absolute, or
 - (b) We can break the level of support that each student requires.
 - (i) Mr. Escobar further explains that while yes, program costs require different expenses and these should be managed at the college level, if the colleges are provided the same

- amount of funding, it is now up to the college to manage that program by cutting another in order to serve the program with greater student service needs.
- (ii) Mr. Escobar additionally requests that each of the duplicated CTE programs be reviewed, as the worksheets display, in some programs, a 30% difference in productivity between the two colleges.
- (3) Mr. Stutzman responds that, in his opinion, these duplicated CTE programs are a wash. Mr. Stutzman further clarifies that if a college chooses, based on program demand, to run a particular CTE program, the college would then manage other programs accordingly in order to compromise.
- iv) Ms. McKee notes a concern to the committee that we are not starting with the question of 1) what qualifies as a CTE program, and what does not, and 2) what qualifies as a general education course, and what does not?
 - (1) Mr. Stutzman responds that this data is based on what the district provided with by the colleges program code data entry.
 - (2) Mr. Frazier comments that we do not have to have all of the data today, but in order to progress forward, he recommends that we decide if this data is worth pursuing.
 - v) Mr. Newton reiterates that, to call these duplicated programs a wash seems difficult, just by looking at class size and a particular campus's ability to house a program based on facility capacity.
 - (1) Mr. Stutzman responds that the decision would then be up to the college to determine its constraints in one area and opportunities in another, in order to maximize the use of the facilities available.
 - (a) Mr. Frazier notes that the colleges are not just constrained by facilities, but also by program reviews and student success, as well as ACCJC requirements and the Board's Ends Policies.
 - vi) Mr. Stutzman moves on through the document describing the total cost per FTES calculations, which are based on the annual costs for FY2015-16.
 - vii) Mr. Narveson poses a question to the group as to how we can put a value on the various intangible issues that the group has discussed, thus far?
 - (1) For example:
 - (a) The automotive program requires a higher cost due to vehicle purchase, and the insurance required to have students work on those vehicles, safety costs, etc. vs. the accounting program which has comparatively much fewer costs including facilities overhead and textbook costs.
 - (i) Mr. Narveson further questions how we decide on the balance and measure of that?
 - viii) Mr. Covarrubias requests that a column be added to the CTE worksheet that shows the number of degrees and certificates completed.
 - ix) Mr. Frazier notes that approximately 50% of categorical funding is equity based and that the colleges are not given access to these funds in terms of the decision-making process.
 - (a) Mr. Gonzalez responds that it is the State Chancellors Office that makes all decisions related to Categoricals. The district has access to fund 10, which is what this committee is looking at.
 - (i) Mr. Stutzman questions how the DSPS funding is broken down, to which the committee clarifies that it is based on the number of students served (student data reported to the state), and that it is a much more complicated formula.
 - (b) Mr. Newton follows by asking the committee "what kind of data can we use right now that would help to improve this discussion? Students, class size, student limitations, etc.?"
 - (i) Mr. Narveson responds that we could come up with a formula by evaluating those criteria, thus creating a model that is not purely based on FTES.
 - (ii) Mr. Newton questions the group if we are close to simulation #5? The committee agrees.
 - 1. Mr. Newton follows that "Roy knows what he is talking about."
 - (c) Mr. Newton continues by reminding the committee that we have a mandate to complete this work by Spring 2017 in order to meet the accreditation requirement. As such, is this group able to try to achieve a draft, recognizing that it will not be perfect, and future adjustments will need to be made?
 - (d) Mr. Frazier further reminds the group that we need a strong brand to draw more students to our campuses as a method of preventing against slower economic turns as property taxes begin to level off.

- (e) Mr. Gonzalez makes a suggestion to revisit the CTE document once the campuses have verified the data. Mr. Gonzalez further poses a question to the committee if there are any other variables that we can use other than FTES?
 - (i) Mr. Newton responds that we need to determine if this group can accept an FTES based model as the Accrediting Commission has charged us with creating a budget model.
 - (ii) Mr. Gonzalez agrees, and states that the committee is now to the point of needing to plug in numbers to these models, but before we can do that, the data needs to be cleaned up.
 - 1. Mr. Stutzman reminds the committee that multiple simulations have been provided to the group with a request for the members to manipulate the information and make suggestions as to a better solution.
 - (iii) Mr. Gonzalez notes that based on the models presented, we should be able to begin developing our own formulas based on the different variables.
 - 1. Mr. Hawkins responds that in order to do that we need to develop a list of those variables.
 - 2. Mr. Narveson provided a handwritten list of variables to staff:
 - a. Base Allocation based upon FTES
 - b. Overhead cost of CTE Programs
 - c. Percentage of Academic Programs vs. CTE
 - d. Amount of Non-Credit Programs
 - e. Number of disadvantaged students, such as:
 - f. Hispanic Serving
 - g. Asian Serving
 - h. African-American Serving
 - i. Athletic Programs
 - j. Graduation Rate
 - k. Number of Degrees and Certificates
 - l. Training and Staff Development
 - m. Accreditation Status?
 - (iv) Mr. Hawkins further notes the importance of budgeting, in terms of salaries, we need to consider if a cost is on-going or new.
 - 1. Mr. Smith follows that all of the simulations have been based on the FY2016-17 adopted budget starting with the first property tax data point and that Collective Bargaining has been dealt with from that point forward using opportunity money from the four additional data points.
- x) Mr. Smith wraps up the discussion by noting to the group that it appears as though our next steps should be to brainstorm a list of variables to review next week.
 - (1) ACTION: Mr. Smith's office will distribute the list provided by Mr. Narveson with a request to the committee to respond with any changes or additions by early next week.
- xi) Mr. Smith thanks Mr. Stutzman for his effort to illustrate the CTE differentials, and notes that this data should be brought back to staff for further review and verification.
 - (1) Mr. Gonzalez reminds the group of the need to have one person at each campus dedicated to collecting this data.
 - (2) Ms. Alexander responds that both she and Mr. Escobar, as Vice Presidents of Administrative Services at each of the campuses, agree to serve as liaisons between this committee and their Academic Services departments in order to obtain the verified data.
 - (a) It was noted that this item would be added to the parking lot for further review at a later date.

6) Comparative DW/DS District Budget Expenditures:

- a) Mr. Frazier distributed a document illustrating a Trend Match which results in an upward curve statistical model.
 - i) Overall, this document shows that there are three college districts (Peralta, WVMC, and SJECCD) that pay more per student than the average college district in the Bay 10 area.

- (1) Mr. Smith thanks Mr. Frazier for his work, and requests out of respect for time, that this item be placed on the next meeting agenda for review and discussion.

7) Closing Remarks:

- a) Mr. Stutzman notes, that for the most part, the simulations provided are FTES based, or revenue based models, which, in his opinion, is in the best interest of the district. "Know the revenue before you allocate the funds."
- b) Mr. Fitzsimmons notes to the committee that whatever results from this exercise, we must remember to not be so complicated as to create an undue burden on those that develop the budget, not to complicate it so much that it loses transparency, and not to complicate it so that only a few people understand the model. Additionally, Mr. Fitzsimmons notes that the Taskforce is charged with developing a revenue allocation model; however, we seem to be currently reviewing a cost allocation model which is much different.
 - i) Based on Mr. Fitzsimmons comments above the committee agreed to add item d. below to the 03/03/17 meeting agenda.

8) Build Next Agenda:

- a) Total Cost of Ownership
- b) Discuss Variables
- c) Comparative DW/DS District Budget Expenditures
- d) Review the differences between Revenue Model vs. Cost Based Model

Meeting adjourned at 4:05 PM